



RESULTS HIGHLIGHTS

The Board of Directors of the Company are pleased to present the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December, 2002 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER, 2002

	Note	2002 HK\$'000	2001 HK\$'000
Turnover	1	1,329,426	28,320
Other revenues	1	15,433	26,691
Total revenues		<u>1,344,859</u>	<u>55,011</u>
Staff costs	2	(188,414)	(6,662)
Passenger catering and service costs		(86,107)	–
Fuel costs		(149,060)	–
Route operating costs		(276,626)	–
Aircraft maintenance costs		(142,973)	–
Aircraft leases and equipment costs		(241,187)	–
Depreciation and amortisation costs		(64,261)	–
Sales and promotion costs		(67,171)	–
Other operating costs		(67,224)	(13,015)
Total operating expenses		<u>(1,283,023)</u>	<u>(19,677)</u>
Operating profit	3	61,836	35,334
Finance costs		(8,426)	–
Share of profits less losses of associated companies		394,880	224,993
Profit before taxation		448,290	260,327
Taxation	4	(89,343)	(44,681)
Profit after taxation		358,947	215,646
Minority interests		(41,530)	–
Profit attributable to shareholders		<u>317,417</u>	<u>215,646</u>
Dividends	5	<u>46,975</u>	<u>38,822</u>
Earnings per share			
Basic	6	<u>HK9.65 cents</u>	<u>HK6.67 cents</u>
Diluted	6	<u>HK9.48 cents</u>	<u>HK6.58 cents</u>



RESULTS HIGHLIGHTS

Notes:

1. Turnover, revenues and segment information

The Group is principally engaged in provision of aviation related services. Revenues recognised during the year are as follows:

	2002 HK\$'000	2001 HK\$'000
Turnover		
Traffic revenues		
– Passenger services	1,171,504	–
– Cargo and mail services	152,278	–
Gross rental income from investment properties	5,644	28,320
	<u>1,329,426</u>	<u>28,320</u>
Other revenues		
Inflight sales commission	1,887	–
Interest income	13,546	26,691
	<u>15,433</u>	<u>26,691</u>
Total revenues	<u>1,344,859</u>	<u>55,011</u>

An analysis of the Group's segment revenues and segment results for the year by business segments is as follows:

Year ended 31st December, 2002

	Airline operation HK\$'000	Airport ground handling HK\$'000	Logistics and other businesses HK\$'000	Property holding (note) HK\$'000	Group HK\$'000
Segment revenues	<u>1,325,669</u>	<u>–</u>	<u>–</u>	<u>5,644</u>	<u>1,331,313</u>
Segment results	<u>77,783</u>	<u>–</u>	<u>–</u>	<u>4,719</u>	<u>82,502</u>
Interest income					13,546
Unallocated costs					(34,212)
Operating profit					61,836
Finance costs					(8,426)
Share of profits less losses of associated companies	291,535	107,490	(4,145)	–	394,880
Profit before taxation					448,290
Taxation					(89,343)
Profit after taxation					358,947
Minority interests					(41,530)
Profit attributable to shareholders					<u>317,417</u>



RESULTS HIGHLIGHTS

Year ended 31st December, 2001

	Airline operation HK\$'000	Airport ground handling HK\$'000	Logistics and other businesses HK\$'000	Property holding (note) HK\$'000	Group HK\$'000
Segment revenues	—	—	—	28,320	28,320
Segment results	—	—	—	23,589	23,589
Interest income					26,691
Unallocated costs					(14,946)
Operating profit					35,334
Share of profits less losses of associated companies	180,081	45,889	(977)	—	224,993
Profit before taxation					260,327
Taxation					(44,681)
Profit attributable to shareholders					215,646

Note: The property holding business of the Group was vested in CNACG on 25th March, 2002.

An analysis of the Group's segment revenues and segment results by geographical segments is as follows:

	Segment revenues		Segment results	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
China mainland	539,489	—	(28,145)	—
Taiwan	702,899	—	133,449	—
Hong Kong	5,644	28,320	4,719	23,589
Other regions (note)	83,281	—	(27,521)	—
Total	1,331,313	28,320	82,502	23,589
Interest income			13,546	26,691
Unallocated costs			(34,212)	(14,946)
Operating profit			61,836	35,334

Note: Other regions mainly include Macau, Thailand and Philippines.



RESULTS HIGHLIGHTS

2. Staff costs

	2002 HK\$'000	2001 HK\$'000
Wages and salaries	184,697	6,650
Retirement benefit costs	3,717	12
	<u>188,414</u>	<u>6,662</u>

3. Operating profit

Operating profit is stated after crediting and charging the following:

	2002 HK\$'000	2001 HK\$'000
<i>Crediting</i>		
Amortisation of manufacturers' credits	<u>7,523</u>	<u>–</u>
<i>Charging</i>		
Amortisation of intangible assets		
– Goodwill	14,130	–
– Trademarks	18	–
– Deferred expenditure	270	–
Cost of inventories expenses	31,487	–
Depreciation of fixed assets	49,843	–
Operating lease rentals		
– Aircraft and related equipments	248,424	–
– Land and buildings	14,995	–
Outgoings in respect of investment properties	925	4,731
Provision for overhaul and major check costs	<u>91,941</u>	<u>–</u>



RESULTS HIGHLIGHTS

4. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profit for the year. Macau complementary tax has been provided at the rate of 15.75% (2001: Not applicable) on the estimated assessable profit for the year. Taxation outside Hong Kong and Macau has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the regions in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	2002 HK\$'000	2001 HK\$'000
Company and subsidiaries:		
Hong Kong profits tax	379	1,964
Macau complementary tax	9,153	–
Taxation outside Hong Kong and Macau	609	–
Overprovision in prior years	–	(8)
	<u>10,141</u>	<u>1,956</u>
Share of taxation attributable to associated companies	79,202	42,725
	<u>89,343</u>	<u>44,681</u>

There was no material unprovided deferred taxation of the Group for the year (2001: Nil).

5. Dividends

	2002 HK\$'000	2001 HK\$'000
Interim dividend, paid, of HK0.6 cent (2001: HK0.6 cent) per share	19,916	19,411
Final dividend, proposed, of HK0.8 cent (2001: HK0.6 cent) per share	26,554	19,411
Additional 2001 final dividend paid on shares issued before the closure of the register of members	505	–
	<u>46,975</u>	<u>38,822</u>

6. Earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to shareholders of HK\$317,417,000 (2001: HK\$215,646,000).

The basic earnings per share is based on the weighted average of 3,290,728,000 (2001: 3,235,182,000) shares in issue during the year. The diluted earnings per share is based on 3,346,872,000 (2001: 3,275,076,000) shares, representing the weighted average of 3,290,728,000 (2001: 3,235,182,000) shares in issue during the year plus the weighted average of 56,144,000 (2001: 39,894,000) shares which would be issued at no consideration on the exercise of all dilutive options.